



## INSURANCE FRAUD INVESTIGATION DIVISION

### Kentucky Department of Insurance

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### *Fraud Statistics/Convictions Activity*

*October 2009*

#### Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	75	897
Closed Referrals.....	105	703
Open Cases (Investigations-includes prior years)		187
Assigned Cases (Investigations).....	12	127
Closed Cases (Investigations).....	90	159
Closed Cases (Investigations) Exceptionally Cleared – Declined by Prosecutor.....	0	8
Charges (34 felonies).....	34	81
Convictions (14 felonies, 1 misdemeanor).....	15	77
Restitution Ordered.....	\$436,757.41	\$1,198,492.23

#### *Convictions Activity*

**Jennifer Lee Grubb** – On July 28, 2009, Grubb presented a proof of insurance card to the Clay County Clerk for the purpose of registering her vehicle, knowing that the proof of insurance card was fake or counterfeit. On Aug. 13, 2009, she was charged with one felony count of fraudulent insurance acts in Clay District Court. On Aug. 31, 2009, she entered a guilty plea to the amended misdemeanor charge of fraudulent insurance acts and was sentenced to 180 days, conditionally discharged for two years.

**Sherri M. Murhol** – Beginning on or about Oct. 24, 2003, and continuing until Oct. 7, 2005, Murhol presented a claim for payment or other benefits pursuant to an insurance policy. Specifically, Murhol made false statements to Kentucky Farm Bureau Insurance Company (KFB) regarding the theft of her vehicle. On April 21, 2009, she was indicted on one felony count of fraudulent insurance acts by the Boone County Grand Jury. On Oct. 9, 2009, she pleaded guilty to the felony count and was given pre-trial diversion for five years - 2 ½ years supervised and 2 ½ years unsupervised. She also was ordered to pay restitution to KFB in the amount of \$35,336.99 and \$156.00 in court costs.

**Christina V. Price** – On or about June 11, 2003, Price presented a fake or counterfeit document to the Hardin County District Court as evidence of insurance with Geico Direct Insurance Company (Geico). On Jan. 30, 2007, Price was charged with one felony count of fraudulent insurance acts and one felony count of criminal possession of a forged instrument II in Hardin District Court. On Oct. 13, 2009, she entered a guilty plea to both felony counts and was sentenced to three years on both charges to run concurrently, with six days credit served. The sentence was withheld for five years with Price being placed on supervised probation. She was ordered to pay a fine in the amount of \$1,336.50 to the Fraud Division for investigative expenses, court costs in the amount of \$220.00, and a fine in the amount of \$1,000.00.

**Robert W. Rister** – The United States Attorney's Office, the United States Secret Service, the United States Postal Inspection Service and the Kentucky Department of Insurance jointly announced on Sept. 2, 2009, that Robert W. Rister, 40, of South Shore, was sentenced to five years in prison and ordered to pay restitution in the amount of \$399,780.30 for mail fraud.

In May 2009, Rister, an independent insurance agent, pleaded guilty to the charges and admitted that from 2003 to 2008 he misappropriated his clients' funds. As an agent, he set up accounts and purchased annuities for his clients.

Rister convinced his clients to close the current accounts and reinvest the funds. When clients agreed to close the account, he either kept the money without reinvesting it or delayed the reinvestment of the withdrawn funds for a series of months. He used these funds to pay off outstanding obligations to other clients or for his own personal use. In furtherance of the fraud that Rister committed, he used the U.S. Postal Service to mail fraudulent documents. Rister improperly diverted \$550,300.21 but paid a portion back.

Under federal law, Rister must serve 85 percent of his prison sentence and upon release, will be under the supervision of the United States Probation Office for three years.

The investigation was conducted by the United States Secret Service, the United States Postal Inspection Service and the Kentucky Department of Insurance - Fraud Division. The United States was represented in the case by Assistant United States Attorney Benjamin G. Dusing.

**David C. Thomas** – A financial service worker in South Carolina was sentenced on Sept. 10, 2009, to two years in prison for using a scheme to dupe mortgage companies and homeowners in Eastern Kentucky.

David C. Thomas, 68, of Greenville, S.C. admitted he falsely portrayed himself to mortgage company offices in Pikeville, Hazard, Paintsville, Corbin, and Richmond as an agent of Lloyd's of London, an insurance provider.

According to the plea agreement filed in January 2009, mortgage companies Citifinancial and American General required homeowners to obtain homeowner's insurance for the protection of the homeowner as well as for the protection of the company. As a benefit of doing business with these mortgage companies, Citifinancial and American General would pay the homeowner's first year insurance premium. The companies mailed the check to cover the insurance premium to the insurance provider.

Thomas, falsely acting on behalf of Lloyd's of London, admitted that he pocketed these checks issued by mortgage companies. Also, as part of the scheme, Thomas issued bogus certificates which were used to show the mortgage company and the homeowner that the homeowner's insurance had been secured by Lloyd's.

Thomas worked at North American Financial Services Inc. located in South Carolina but never served as an authorized representative of Lloyd's of London. He was indicted in February 2008.

The United States Attorney's Office for the Eastern District of Kentucky and the Kentucky Public Protection Cabinet (Department of Insurance) made the announcement after sentencing.